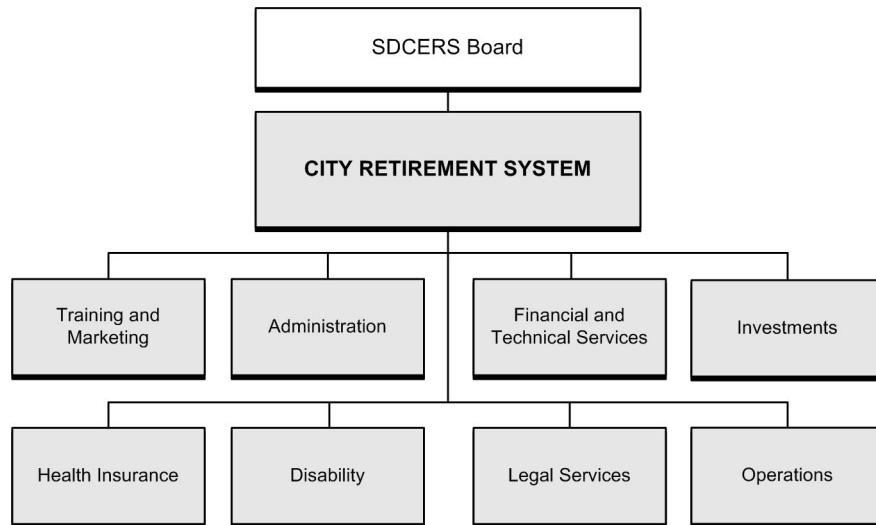


City Retirement System



City Retirement System



Mission Statement

To continually deliver accurate and timely benefits through prudent administration and safeguarding of the San Diego City Employees' Retirement System, while ensuring the fund's maximum safety, integrity and growth.

Department Description

The San Diego City Employees' Retirement System (SDCERS) invests, manages and administers the \$2.3 billion retirement pension plans for general members, safety members, and legislative officers of the City of San Diego. In addition, the employees of the San Diego Unified Port District and the San Diego County Regional Airport Authority are members of SDCERS by virtue of contractual agreements.

Division/Major Program Description

Administration

The Administration Division provides for general management of the overall policy direction, coordination, and planning of the SDCERS. Staff provides timely input to the Retirement Board of Administration in making member benefits, administrative policy and investment decisions. The Administration Division also provides for actuary services, travel and training expenses, consulting services, strategic planning and performance surveys.

Disability

The Disability Program is responsible for processing all disability applications, preparing reports for the Retirement Board, and recommending approval or denial of disability applications. The Program provides monthly reports related to the status of all pending disability cases. It also coordinates and represents the Retirement System at all disability pre-hearings and hearings.

City Retirement System

Division/Major Program Description (continued)

Financial and Technical Services

The Financial and Technical Services Division audits retirement functions as directed by the Retirement Administrator, conducts compliance audits of benefits administration including audits of benefit calculations and monthly retirement allowances, administers the bi-weekly retirement contribution process, prepares and monitors the Department budget, and manages special projects and data processing services. The Division is also the project lead for all new systems development, including the Membership Benefits System. It coordinates and supports all actuarial data requirements and acts as the primary point of contact for the Unified Port District and the Airport Authority.

Health Insurance

The Health Insurance Group administers the post-retirement health insurance benefits for the City of San Diego retirees and the annual open enrollment process, makes premium payments to the carriers and answers retirees' questions concerning health insurance benefits and the various plans offered.

Investments

The Investments Division is responsible for conducting the day-to-day investment and corporate governance functions in accordance with the Retirement Board's adopted investment policies and procedures; negotiating contracts with, reviewing performance of, and maintaining positive relationships with external money managers, consultants and other investment service providers; managing cash flows between the Retirement System, external money managers, the City and other parties; researching, analyzing, and recommending investment alternatives to the Investment Committee and/or Retirement Board; monitoring investment activity of money managers and the custodial bank; and preparing general ledgers and financial statements of the Trust Fund.

Legal Services

The Legal Services Division is responsible for providing legal advice and assistance to the Retirement Board and staff in the areas of trust, tax, contracts, community property, benefit interpretation and eligibility, investments, corporate governance and fiduciary responsibility; drafting legal documents such as ordinances, resolutions, contracts, rules and pleadings; coordinating the use of outside counsel; and representing the Retirement Board and/or staff in all legal proceedings to which the Retirement Board is a party.

City Retirement System

Division/Major Program Description (continued)

Operations

The Operations Division is responsible for calculating retirement, survivor, and death benefits; processing enrollment documentation of new members; maintaining records of all active and retired members; and calculating and processing all member termination refunds for City of San Diego, Unified Port District, and Airport Authority employees. This Division provides counseling sessions on service retirement, disability retirement, reciprocity, Deferred Retirement Option Plan (DROP) Program, and purchase of service credits. The Division also provides pre-retirement counseling and planning for members of the Retirement System.

Training and Marketing

The Training and Marketing Division creates and maintains procedures for all tasks associated with benefit administration, and trains staff on how to accomplish each task. In addition, the Division maintains SDCERS' website, oversees SDCERS' quarterly newsletter production, prepares and distributes brochures, updates member handbooks, develops a retiree handbook, and produces other marketing materials to facilitate communication with SDCERS membership and the public.

Service Efforts and Accomplishments

Since the inception of SDCERS 75 years ago, the number of active contributing members and retirees has continued to grow. During Fiscal Year 2002, SDCERS processed 2,980 purchase of service credit contracts, 315 service and disability retirements, and 343 Deferred Retirement Option Plan (DROP) retirements; hosted 19 pre-retirement seminars; provided information at 27 new employee orientations; and advised members in 1,629 counseling sessions.

In Fiscal Year 2003, SDCERS improved its retirement record-keeping system with the installation of a new computer system known as "Pension Gold". Pension Gold tracks all contributions, calculates benefits and issues monthly pension checks.

While SDCERS experienced an investment loss for the fiscal year, SDCERS effectively managed the financial market volatility with a conservative target asset allocation policy and active rebalancing strategy. SDCERS' total fund return for Fiscal Year 2002 ranked in the top 14th percentile as compared to the investment performance of public pension plans.

Future Outlook

Prudent and excellent investments, along with consistently high quality customer service to all SDCERS' active and retired members and their beneficiaries, remain the goals of the San Diego City Employees' Retirement System.

A SDCERS website is scheduled to be operational in Fiscal Year 2004.

City Retirement System

City Retirement System				
	FY 2002 ACTUAL	FY 2003 BUDGET	FY 2004 FINAL	FY 2003-2004 CHANGE
Positions	50.00	50.00	50.00	0.00
Personnel Expense	\$ 3,264,299	\$ 4,140,330	\$ 4,554,998	\$ 414,668
Non-Personnel Expense	\$ 16,656,262	\$ 17,033,314	\$ 18,014,315	\$ 981,001
TOTAL	\$ 19,920,562	\$ 21,173,644	\$ 22,569,313	\$ 1,395,669

Department Staffing

	FY 2002 ACTUAL	FY 2003 BUDGET	FY 2004 FINAL
CITY EMPLOYEES' RETIREMENT SYSTEM			
City Retirement System			
Administration	4.50	4.50	4.50
Disability	4.00	4.00	4.00
Financial & Technical Services	7.00	6.00	6.00
Health Insurance	2.30	2.30	2.30
Investments	4.50	4.50	4.50
Legal Services	6.00	6.00	6.00
Operations	21.70	18.70	18.70
Training & Marketing	0.00	4.00	4.00
Total	50.00	50.00	50.00

Department Expenditures

	FY 2002 ACTUAL	FY 2003 BUDGET	FY 2004 FINAL
CITY EMPLOYEES' RETIREMENT SYSTEM			
City Retirement System			
Administration	\$ 2,145,349	\$ 1,454,249	\$ 1,904,099
Disability	\$ 418,430	\$ 479,316	\$ 570,440
Financial & Technical Services	\$ 2,378,845	\$ 2,349,933	\$ 2,873,605
Health Insurance	\$ 226,050	\$ 268,284	\$ 223,120
Investments	\$ 12,368,407	\$ 13,638,105	\$ 13,403,709
Legal Services	\$ 629,160	\$ 755,847	\$ 1,181,227
Operations	\$ 1,723,421	\$ 1,465,368	\$ 1,555,102
Training & Marketing	\$ 30,900	\$ 762,542	\$ 858,011
Total	\$ 19,920,562	\$ 21,173,644	\$ 22,569,313

City Retirement System

Significant Budget Adjustments

CITY EMPLOYEES' RETIREMENT SYSTEM

City Retirement System	Positions	Cost
Salary and Benefit Adjustments	0.00 \$	397,285
Adjustments to reflect the annualization of the Fiscal Year 2003 negotiated salary compensation schedule, Fiscal Year 2004 negotiated salaries and benefits, changes to average salaries, retirement contributions and other benefit compensation.		
City Retirement Final Adjustments	0.00 \$	998,384
Net expenditure increase in miscellaneous personnel and non-personnel accounts as approved by the San Diego City Employees' Retirement System (SDCERS) Board of Administration.		

Expenditures by Category

		FY 2002 ACTUAL		FY 2003 BUDGET		FY 2004 FINAL
PERSONNEL						
Salaries & Wages	\$	2,534,995	\$	3,262,313	\$	3,356,876
Fringe Benefits	\$	729,304	\$	878,017	\$	1,198,122
SUBTOTAL PERSONNEL	\$	3,264,299	\$	4,140,330	\$	4,554,998
NON-PERSONNEL						
Supplies & Services	\$	15,341,970	\$	16,169,660	\$	16,938,276
Information Technology	\$	1,154,427	\$	784,638	\$	995,191
Energy/Utilities	\$	56,658	\$	67,842	\$	69,674
Equipment Outlay	\$	103,208	\$	11,174	\$	11,174
SUBTOTAL NON-PERSONNEL	\$	16,656,262	\$	17,033,314	\$	18,014,315
TOTAL	\$	19,920,562	\$	21,173,644	\$	22,569,313

Salary Schedule

CITY EMPLOYEES' RETIREMENT SYSTEM

City Retirement System

Class	Position Title	FY 2003 Positions	FY 2004 Positions	Salary	Total
1104	Account Clerk	1.00	1.00	\$ 32,826	\$ 32,826
1106	Sr Management Analyst	1.00	1.00	\$ 62,561	\$ 62,561
1107	Administrative Aide II	1.00	1.00	\$ 44,197	\$ 44,197
1218	Assoc Management Analyst	11.00	11.00	\$ 55,514	\$ 610,653
1255	Benefits Representative I	2.00	2.00	\$ 33,174	\$ 66,348
1348	Info Systems Analyst II	1.00	1.00	\$ 56,143	\$ 56,143
1535	Clerical Assistant II	10.00	9.00	\$ 30,468	\$ 274,210
1577	Legal Secretary	1.00	1.00	\$ 45,270	\$ 45,270
1598	Legal Assistant	2.00	2.00	\$ 54,832	\$ 109,664

City Retirement System

Salary Schedule (continued)

CITY EMPLOYEES' RETIREMENT SYSTEM

City Retirement System

<i>Class</i>	<i>Position Title</i>	<i>FY 2003 Positions</i>	<i>FY 2004 Positions</i>	<i>Salary</i>	<i>Total</i>
1746	Word Processing Operator	0.00	1.00	\$ 33,015	\$ 33,015
1801	Retirement Asst	5.00	5.00	\$ 38,983	\$ 194,915
1822	Sr Legal Assistant	1.00	1.00	\$ 61,146	\$ 61,146
1842	Accountant II	1.00	1.00	\$ 54,518	\$ 54,518
1876	Executive Secretary	2.00	2.00	\$ 46,240	\$ 92,479
1917	Supv Management Analyst	2.00	1.00	\$ 71,076	\$ 71,076
2119	Asst Retirement Admin	1.00	1.00	\$ 149,855	\$ 149,855
2180	Retirement Administrator	1.00	1.00	\$ 170,245	\$ 170,245
2195	Retirement General Counsel	1.00	1.00	\$ 155,683	\$ 155,683
2196	Asst Retirement General Counsel	1.00	1.00	\$ 124,783	\$ 124,783
2224	Assoc Counsel	1.00	1.00	\$ 96,878	\$ 96,878
2241	Investment Officer	1.00	1.00	\$ 136,187	\$ 136,187
2256	Asst Investment Officer	1.00	1.00	\$ 84,056	\$ 84,056
2274	Medical Review Officer	1.00	1.00	\$ 60,854	\$ 60,854
2282	Program Coordinator	1.00	2.00	\$ 86,769	\$ 173,537
	Ex Perf Pay-Classified	0.00	0.00	\$ -	\$ 10,605
	Temporary Help	0.00	0.00	\$ -	\$ 385,172
	Total	50.00	50.00	\$	3,356,876

CITY RETIREMENT SYSTEM TOTAL 50.00 **50.00** **\$ 3,356,876**

Five-Year Expenditure Forecast

	FY 2004 FINAL	FY 2005 FORECAST	FY 2006 FORECAST	FY 2007 FORECAST	FY 2008 FORECAST	FY 2009 FORECAST
Positions	50.00	50.00	50.00	50.00	50.00	50.00
Personnel Expense	\$ 4,554,998	\$ 4,691,648	\$ 4,832,397	\$ 4,977,369	\$ 5,126,690	\$ 5,280,491
Non-Personnel Expense	\$ 18,014,315	\$ 18,554,744	\$ 19,111,386	\$ 19,684,728	\$ 20,275,270	\$ 20,883,528
TOTAL EXPENDITURES	\$ 22,569,313	\$ 23,246,392	\$ 23,943,783	\$ 24,662,097	\$ 25,401,960	\$ 26,164,019

City Retirement System

Fiscal Years 2004 - 2009

No major projected requirements.